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OFFICE OF PETITIONS

LICENCE AGREEMENT

This Agreement made this 7th day of December, 2000, ("Effective Date") between, (1)Medpharma plc, a company having its principal offices at Unit 2, Southill Business Park, Combury, Charlbury, OX7 3EW("Medpharma"), and (2)Dr Richard A Henry whose address is - 135, Centre Street, Kingston, Ontario, Canada K7L 4E7 ("R.H"), and (3) Lynchris Pharmaceuticals whose address is 135 Centre Street, Kingston, Ontario, Canada K7L 4E7 ("LP") agree as follows:

1. BACKGROUND

- 1.1 RH and LP (OWNERS) are the collective owners of the inventions disclosed and claimed in the patents listed in Attachment A. All of the issued patents in Attachment A are owned by LP and all the PCT applications listed are owned by RH. Moreover, title to the inventions disclosed and claimed in all further patent applications rests in RH. The OWNERS are also the owners of the inventions disclosed and claimed in Licenced PATENTS, as hereinafter defined. All of the aforementioned inventions will be referred to herein as "INVENTION(s)."
- 1.2 OWNERS wish to have the INVENTION(s) perfected and marketed at the earliest possible time in order that products resulting therefrom may be available for public use and benefit.
- 1.3 Medpharma wishes to acquire a licence under said INVENTION(s) and LICENSED PATENTS, for the purpose of undertaking development, to manufacture, use, and sell LICENCED PRODUCT(s) in the field of use of treatment of premature ejaculation and the treatment and management of other disorders relevant to the use of the agents, for example interstitial cystitis and wound healing.

2. DEFINITIONS

- 2.1 LICENCED PATENTS shall mean the patents and patent applications listed in Attachment A as well as any related or connected patents (but only where Medpharma expressly agrees in writing that the same shall fall within the scope of this agreement), and the INVENTIONS described and claimed therein.
- 2.2 INTELLECTUAL PROPERTY shall by way of example, include patents, technical information, know-how, copyrights, clinical data, models, patterns, drawings, specifications, prototypes, inventions, software.
- 2.3 LICENCED PRODUCT(s) means any product or part thereof in the LICENCED FIELD OF USE, the manufacture, use or sale of which:
- (a) is covered by a valid claim of an issued, unexpired LICENCED PATENTS, or any other patents conceived or developed by the partners herewith, directed to the INVENTION. A claim of any issued, unexpired LICENCED PATENTS shall be presumed to be valid unless and until it has been held to be invalid by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken; or
 - (b) is covered by any claim being prosecuted in a pending application directed to the INVENTION.
- 2.4 NET SALES means the gross revenue of the LICENCED PRODUCT(s) in the form in which it is sold or used, whether or not assembled (and without excluding therefrom any components or subassemblies thereof, whatever their origin and whether or not patent impacted), less the following items but only insofar as they actually pertain to the disposition of such LICENCED PRODUCT(s) by LICENSEE or sublicensees and are included in such gross income, and (except Item [d]) are separately billed:
- (a) Import, export, excise, and sales taxes, plus custom duties;
 - (b) Costs of insurance, packing, and transportation from the place of manufacture to the customer's premises or point of installation;
 - (c) Costs of installation at the place of use;
 - (d) Credit for returns, allowances, or trades.
- 2.5 AFFILIATES shall mean any company, corporation, or business in which Medpharma owns or controls at least fifty percent (50%) of the voting stock.
- 2.6 Licened FIELD OF USE means treatment of premature ejaculation and the treatment and management of other disorders relevant to the use of the agents, for example interstitial cystitis and wound healing.
- 2.7 LICENCED TERRITORY means the world.
- 2.8 EXCLUSIVE means RH/LP and/or INVENTORS together shall not grant further licences in the LICENCED TERRITORY in the LICENCED FIELD OF USE, subject to Paragraph 3.2(a).

3. GRANT

- 3.1 OWNERS hereby grant and Medpharma hereby accepts an EXCLUSIVE licence in the LICENCED FIELD OF USE to make, use and sell LICENCED PRODUCT(s) in the LICENCED TERRITORY. Such licence shall include the right to grant sublicences, subject to OWNERS approval which approval shall not be unreasonably withheld.
- 3.2 The granting and acceptance of this licence is subject to the following conditions:
- (a) OWNERS shall have the right to terminate or render this licence non-exclusive at any time after three (3) years from the date of license if, in OWNERS reasonable judgment, Medpharma:
 - i. has not put the licenced subject matter into commercial use in the territory where licenced, directly or through a sublicense; or
 - ii. is not demonstrably using all reasonable commercial efforts to implement a research, development, manufacturing, marketing or licencing program, as appropriate, directed toward this end.
 - (b) Medpharma shall employ all reasonable efforts to obtain appropriate regulatory approval for the use of LICENCED PRODUCT(s) and to market LICENCED PRODUCT(s) after such approval is obtained.
 - (c) All sublicences granted by Medpharma hereunder shall include a requirement that the sublicensee use all reasonable commercial efforts to bring the subject matter of the sublicense into commercial use as quickly as is reasonably possible and shall bind the sublicensee to meet Medpharma's obligations to OWNERS under this Agreement and a copy of this Agreement shall be attached to such sublicense agreement. Sublicence terms and conditions shall reflect that any sublicensee(s) shall not further sublicense. Royalties charged for sublicences by Medpharma shall not be in excess of normal trade practice. Copies of all sublicense agreements shall be provided to INVENTORS within sixty (60) days of execution.
- 3.3 Upon expiration of the period of exclusivity of this licence as set forth in Section 3.2. OWNERS may at their sole option extend the period of exclusivity, extend the licence on a non-exclusive basis, or permit the licence to terminate.
- 3.4 OWNERS hereby grants to Medpharma the right to extend the licences granted or to be granted in paragraphs 3.1 and 3.3 to an AFFILIATE subject to the terms and conditions hereof.

4. PAYMENTS AND ROYALTIES

[Redacted]



[Redacted]

5. REPORTS

[Redacted]

[Redacted]

6. OWNERSHIP AND COMMERCIAL EXPLOITATION OF INTELLECTUAL PROPERTY

- 6.1 All newly developed intellectual property conceived and/or developed by Medpharma and/or RH during the course of this Agreement, as extensions of the technology contained within the scope of this Agreement, shall be owned by Medpharma under the terms of this Agreement. OWNERS shall grant to Medpharma access to any necessary background intellectual property relating to the LICENCED FIELD OF USE.
- 6.2 Medpharma shall reimburse OWNERS for all reasonable expenses OWNERS incur for the preparation, filing, prosecution and maintenance of LICENCED PATENTS and shall reimburse OWNERS for all such expenses within sixty (60) days receipt of invoices from OWNERS. Late payment of these invoices shall be subject to interest charges of one-half percent ($\frac{1}{2}\%$) compounding monthly. OWNERS shall take responsibility for the preparation, filing, prosecution and maintenance of any and all patent applications, and patents included in LICENCED PATENTS, provided, however, that OWNERS shall first consult with Medpharma as to the preparation, filing, prosecution and maintenance of such patent applications and patents and shall furnish to Medpharma copies of documents relevant to any such preparation, filing, prosecution or maintenance. Upon request of OWNERS, Medpharma agrees to have OWNERS legal counsel directly bill Medpharma and Medpharma shall directly pay such invoices within thirty (30) days.

- 6.3 OWNERS and Medpharma shall cooperate fully in the preparation, filing, prosecution and maintenance of LICENSED PATENTS and of all patents and patent applications licensed to Medpharma hereunder, executing all papers and instruments or requiring OWNERS to execute such papers and instruments so as to enable OWNERS to apply for, to prosecute and to maintain patent applications and patents in OWNERS name in any country. Each party shall provide to the other prompt notice as to all matters which come to its attention and which may affect the preparation, filing, prosecution or maintenance of any such patent applications or patents.
- 6.4 If Medpharma elects to no longer pay the expenses of a patent application or patent included within LICENSED PATENTS, Medpharma shall notify OWNERS not less than sixty (60) days prior to such action and shall thereby surrender its rights under such patent or patent application.

7. INFRINGEMENT

- 7.1 With respect to any LICENCED PATENTS under which Medpharma is exclusively licensed pursuant to this Agreement, Medpharma or its sublicensee shall have the right to prosecute in its own name and at its own expense any infringement of such patent so long as such licence is exclusive at the time of the commencement of such action. OWNERS agree to notify Medpharma promptly of each infringement of such patents of which OWNERS are or become aware. Before Medpharma or its sublicensees commences an action with respect to any infringement of such patents, Medpharma shall give careful consideration to the views of OWNERS in making its decision whether or not to sue and in the case of a LICENSEE sublicense, shall report such views to the sublicensee.
- 7.2 If Medpharma or its sublicensee elects to commence an action described above and OWNERS are legally indispensable party to such action, OWNERS may join the action as co-plaintiff.
- 7.3 Medpharma shall reimburse OWNERS for any costs they incur as part of an action in which Medpharma is named as a plaintiff or defendant or in which OWNERS are named as a plaintiff or defendant which pertain to the LICENCED PATENTS.
- 7.4 In the event that Medpharma and its sublicensee, if any, elect not to exercise their right to procure an infringement of the LICENCED PATENTS pursuant to the above paragraphs, OWNERS may do so at its own expense, controlling such action and retaining all recoveries therefrom.

8. TERMINATION

- 8.1 This Agreement, unless extended or terminated as provided herein, shall remain in effect for the life of LICENCED PATENTS.
- 8.2 In the event that Medpharma shall default in the performance of any obligations under this Agreement, and if the default has not been remedied within ninety days (90) after the date of notice in writing of such default, OWNERS may terminate this Agreement by written notice.
- 8.3 Medpharma shall have the right to terminate this Agreement by giving sixty (60) days advance written notice to owners. Upon termination, a final report shall be submitted and any royalty payments and un-reimbursed expenses due to OWNERS become immediately payable.

- 8.4 In the event that Medpharma should enter into liquidation, ownership of the LICENCED PATENTS shall revert to RH and/or Lynchris.

9. ARBITRATION

- 9.1 Any controversy arising under or related to this Agreement, or any disputed claim by either party against the other under this Agreement excluding any dispute relating to patent validity or infringement arising under this Agreement, shall be settled by arbitration in accordance with the Licencing Agreement Arbitration Rules of the British Arbitration Association. Upon request of either party, arbitration will be by:
- (a) A third party arbitrator mutually agreed upon in writing by Medpharma and OWNERS within thirty (30) days of such arbitration request; or
 - (b) A member of the British Arbitration Association. Judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.
- 9.2 The parties shall be entitled to discovery in like manner as if the arbitration were a civil suit.
- 9.3 Any arbitration shall be held in London, U.K., unless the parties hereto mutually agree in writing to another place.

10. GENERAL AND INDEMNIFICATION

- 10.1 Beginning at the time as any such product, process or service is being commercially distributed or sold (other than for the purpose of obtaining regulatory approvals) by Medpharma or by a sublicensee, AFFILIATE or agent of Medpharma, Medpharma shall, at its sole cost and expense, procure and maintain comprehensive general liability insurance in amounts to be agreed by both parties. During clinical trials of any such product, process or service, Medpharma shall, at its sole cost and expense, procure and maintain comprehensive general liability insurance. Such liability insurance shall also specifically name RH and Lynchris.
- 10.2 Medpharma shall provide OWNERS with written evidence of such insurance upon request of OWNERS.
- 10.3 The interpretation and application of the provisions of this Agreement shall be governed by the laws of England.
- 10.4 Written notices required to be given under this Agreement shall be addressed as follows:

If to Medpharma: Unit 2, Southill Business Park
Charlbury, Oxon, U.K. OX7 3EW

If to OWNERS: 135 Centre Street
Kingston
Ontario
Canada
K7L 4E7

or such other address as either party may request in writing.

- 10.5 Should a court of competent jurisdiction later consider any provision of this Agreement to be invalid, illegal, or unenforceable, it shall be considered severed from this Agreement. All other provisions, rights and obligations shall continue without regard to the severed revision, provided that the remaining provisions of this Agreement are in accordance with the intention of the parties.
- 10.6 This Agreement constitutes the entire understanding between the parties and neither party shall be obligated by any condition or representation other than those expressly stated herein or as may be subsequently agreed to by the parties hereto in writing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.


MEDPHARMA PLC.

Name: 

Title: M.D.

Date: 24/12/00

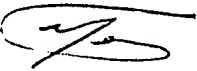
DR RICHARD A HENRY

Name: 

Title: M.D.

Date: 4th DECEMBER 2000

LYNCHRIS PHARMACEUTICALS

Name:  R. Henry

Title: President

Date: 4th DECEMBER 2000